

2 August 1954

MEMORANDUM FOR: Deputy Director (Administration)

SUBJECT : Unliquidated Contract Obligations Against Fiscal
Year 1952 Unvouchered Funds as of 30 June 1954

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1. The Comptroller's memorandum of 29 July 1954 on the above subject was the result, in part, of a suggestion by this Office made in [REDACTED] memorandum of 1 June 1954. The question raised [REDACTED] memorandum has, I believe, been adequately answered by the memorandum of the Chief, Finance Division, to the Comptroller, dated 13 July 1954, and generally in view of the considerations set forth below, I believe we should not shift unvouchered contracts to vouchered because of the lapsing of appropriations.

2. In part this opinion is the result of conversations with the Comptroller General's Office subsequent to [REDACTED] memorandum. The General Counsel to the Comptroller General said that Office was supporting general legislation which would authorize agencies to carry over available funds beyond the lapse period for liquidation of contracts which were satisfactory from an administrative point of view. This would eliminate a large percentage of the certified claims procedure which, in the opinion of the Comptroller General, served no purpose unless something is wrong with the contract itself or with the accountings or other administrative matters involved in handling the contract.

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3. It was pointed out that under the certified claims procedure if a contract were proceeding satisfactorily from an accounting and settlement point of view, no purpose was served in forwarding it down to the General Accounting Office, which office merely would accept the Department's certifications for settlement of remaining indebtedness. It will be recalled that the Comptroller General supported specific legislation this year which carried over Fiscal Year 1952 funds available to the armed services for unliquidated obligations properly incurred in Fiscal Year 1952. Consequently, I believe the disadvantages

pointed out by the Chief, Finance Division, overcome any reasons which would otherwise exist for forwarding unvouchered contracts involving lapsed appropriations to the General Accounting Office.

4. In special cases where we encounter difficulty in administration or indications of possible fraud or similar problems, we will, I believe be able where security permits to handle them with the Comptroller General's Office as special cases without involving the problems raised by the Chief, Finance Division. These situations, if they arise, will have to be reviewed case by case. We, therefore, see no objection to your approval of the Comptroller's recommendation in his memorandum of 29 July.

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LAWRENCE R. HOUSTON
General Counsel

1 Att - Memo for DD/A
fr Comp, 29 Jul 54,
same subject